PROVINCE OF SASKATCHEWAN

09-10

FINANCIAL STATEMENTS

MINISTRY OF EDUCATION

Technology Supported Learning
Revolving Fund

Letters of Transmittal

The Honourable Dr. Gordon L. Barnhart, S.O.M., Ph.D.
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Financial Statements of the Technology Supported Learning Revolving Fund for the fiscal year ending March 31, 2010.

Ken Krawetz
Deputy Premier
Minister of Education

The Honourable Ken Krawetz
Deputy Premier
Minister of Education

I have the honour of submitting the Financial Statements of the Technology Supported Learning Revolving Fund for the fiscal year ending March 31, 2010.

Audrey Roadhouse
Deputy Minister of Education

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SASKATCHEWAN

AUDITOR'S REPCRT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Technology Supported Learning Revolving Fund (Fund) as at March 31, 2010 and the statements of operations and accumulated operating (deficit) surplus and changes in accumulated net (expenditure) recovery for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2010 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 13, 2010

Brian Atkinson, FCA
Acting Provincial Auditor

Technology Supported Learning Revolving Fund
Statement of Financial Position
As at March 31

	2010	2009
Financial Assets		
Cash	$ -	$ 100
Accounts receivable	191,484	857,783
Inventory for resale	-	16,114
Accumulated net expenditure - Statement 3	(71,366)	(252,300)
Total Financial Assets	$ 120,118	$ 621,697
Liabilities		
Accounts payable and accrued liabilities	$ 138,026	$ 370,032
Unearned revenue	-	99,000
Total Liabilities	$ 138,026	$ 469,032
Accumulated (Deficit) surplus - Statement 2	**$ (17,908)**	**$ 152,665**

(See accompanying notes to the financial statements)

Technology Supported Learning Revolving Fund
Statement of Operations and Accumulated Operating (Deficit) Surplus
For the Period Ended March 31

	2010 Budget (Note 9)	2010	2009
Revenues			
Sales	$ -	$ 1,032	$ 63,099
Less: Cost of goods sold	-	16,114	25,169
Gross (loss) profit	$ -	$ (15,082)	$ 37,930
Tuition fees	99,000	102,600	526,611
Registration fees	-	1,190	40,440
Subsidy from General Revenue Fund	350,000	190,000	1,044,750
Other revenue	6,000	7,680	18,654
Total revenues	$ 455,000	$ 286,388	$ 1,668,385
Expenses			
Salaries	$ 90,000	$ 361,936	$ 1,489,162
Postage	5,000	7,562	52,016
Office and educational	5,000	6,235	18,070
Computer support and maintenance	-	-	1,559
Telephone	2,000	1,536	8,409
Adult Tuition Subsidy	150,000	78,610	-
Other	-	1,082	4,531
Total expenses	$ 252,000	$ 456,961	$ 1,573,747
Annual (deficit) surplus	$ 203,000	$ (170,573)	$ 94,638
Accumulated surplus, beginning of year		152,665	58,027
Accumulated (deficit) surplus, end of year - to Statement 1		$ (17,908)	$ 152,665

(See accompanying notes to the financial statements)

Technology Supported Learning Revolving Fund
Statement of Changes in Accumulated Net (Expenditure) Recovery
For the Year Ended March 31

	2010	2009
Financing required for operating activities:		
Net (loss) income	$ (170,573)	$ 94,638
Net decrease (increase) in working capital related to operations *(Note 6)*	351,507	(814,058)
	$ 180,934	$ (719,420)
Accumulated net (expenditure) recovery, beginning of year	(252,300)	467,120
Accumulated net expenditure, end of year - to Statement 1	$ (71,366)	$ (252,300)

(See accompanying notes to the financial statements)

Technology Supported Learning Revolving Fund
Notes to Financial Statements
March 31, 2010

1. Authority and Definition of Entity

The Technology Supported Learning Revolving Fund (Revolving Fund) was established April 1, 1990, pursuant to Section 11 of *The Education Act, 1995*. The purpose of the Revolving Fund is to provide educational services at the high school level, Grades 10-12, to Saskatchewan residents through distance education.

In the Ministry of Education's 2008-09 budget process, Treasury Board approved the Ministry's proposal to discontinue online courses and transition the delivery of distance education to the educational sector.

Effective April 1, 2010, transactions flowing through the Revolving Fund will be to collect receivables, discharge liabilities and to transfer net assets to the General Revenue Fund. The Revolving Fund will be wound up pending Legislative changes.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the Revolving Fund is classified as an other government organization. These financial statements are prepared in accordance with Canadian generally accepted accounting principles applicable for governments. These financial statements do not present a Statement of Change in Net Assets or a Statement of Cash Flows because this information is readily apparent from the Statement of Changes in Accumulated Net (Expenditure) Recovery and Note 6. The following accounting policies are considered significant:

a. Net Financing Requirements

The net financing requirement is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements resulting from the net capital acquisitions, working capital changes and net cash flows from operations.

b. Accumulated Net (Expenditure) Recovery

Expenditures of the Revolving Fund are made directly out of the General Revenue Fund (GRF) and receipts are deposited directly into the GRF. The excess of the accumulated expenditures over accumulated receipts is the accumulated net expenditure balance or outstanding borrowing from the GRF.

The accumulated net (expenditure) recovery of the Revolving Fund includes the aggregate of net financing requirements for all fiscal years resulting from the Revolving Fund's changes in working capital and net cash flow from operations.

c. Inventory

Inventory is valued at the lower of average cost and net realizable value.

d. Revenue Recognition

Revenue from tuition fees is recorded in income as the services are provided.

e. Unearned Revenue

Unearned revenue consists of tuition fees received prior to delivery of the course. These amounts are included in income when earned (e.g., course is delivered).

f. Measurement Uncertainty

Measurement uncertainty exists in these statements in the determination of unearned revenue, since an estimate was used in its determination. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount and these variances may be material.

3. Authorized Financing

Section 11(12) of *The Education Act, 1995* provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. Order in Council 776/90 sets the maximum amount at $1,200,000.

4. Disposition of Accumulated Operating Surplus (Deficit)

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus (deficit). If the actual amount of the surplus (deficit) exceeds the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus or deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surplus to, or requests for additional funding from, the General Revenue Fund. The approved surplus or deficit limit of the Technology Supported Learning Revolving Fund is $100,000.

5. Tuition Fees and Other Related Costs

The Revolving Fund's tuition fees and other related recoverable costs are described in the annual Technology Supported Learning Calendar. These costs and tuition fees are reviewed annually. In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing, use of tangible capital assets and certain administrative costs. These costs have been absorbed by various ministerial appropriations and, therefore, no provision is reflected in these financial statements. In addition, the Revolving Fund pays Provincial Sales Tax to the Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases. Other transactions with related parties and amounts due to/from them are described separately in the financial statements.

6. Net Change in Working Capital Items Related to Operations

	2010	2009
Decrease in cash	$ (100)	$ -
(Decrease) increase in accounts receivable	(666,299)	737,978
(Decrease) increase in inventories	(16,114)	2,053
Decrease (increase) in accounts payable and accrued liabilities	232,006	(228,681)
Decrease in unearned revenue	99,000	302,708
Net (decrease) increase in working capital items	$ (351,507)	$ 814,058

7. Amount Reported in Public Accounts

The net (expense) recovery of the Revolving Fund reported in the Public Accounts is the net (loss) income of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2010	2009
Net (loss) income	$ (170,573)	$ 94,638
Decrease (increase) in inventory balance	16,114	(2,053)
Timing differences in recording revenues and expenses	7,279	72,263
Net (expense) recovery reported in Public Accounts	$ (147,180)	$ 164,848

8. Related Parties

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

	2010	2009
Telephone (SaskTel)	$ 1,536	$ 8,409
Postage and office supplies (Ministry of Government Services)	7,274	55,637
Adult Tuition (Good Spirit School Division)	9,036	-
Adult Tuition (Northwest School Division)	5,000	-
Adult Tuition (Regina School Division)	16,650	-
Adult Tuition (Saskatchewan Rivers School Division)	3,600	-
Adult Tuition (Saskatoon School Division)	20,475	-
Adult Tuition (St. Paul's R.C.S.S.D.)	23,850	-
Employee Recognition (Ministry of Finance-Public Service Commission)	-	493

9. Budget

Treasury Board approves the Revolving Fund's budget annually. The budget amounts presented in these financial statements are based on the budget approved by Treasury Board.